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SUBJECT: STRIKES HIT FRENCH OIL REFINERIES

[11](#). SUMMARY. Strikes at Total refineries in France will continue until at least October 7, affecting production of 328,000 barrels per day. The labor dispute at SNMC (Societe Nationale Corse Mediterranee), a state-owned ferry company, further complicated the situation by temporarily blocking tankers from loading and discharging oil from the Fos-Lavera Mediterranean hub, a major source of oil exports to the U.S. and home to a cluster of refineries. END SUMMARY

Employees at Total Gonfreville Pursue Strike

[12](#). On September 20, employees overseeing the distribution unit of the Total's refinery concern at Gonfreville-L'Orcher (located in Normandy, near the northern city of le Havre) decided to call a strike, a decision they reaffirmed on September 30. In an October 3 meeting, they defined their strategy for the next days, deciding to continue the strike until October 7, when they meet again to determine if any progress has been made on their demands for wage increases and better working conditions. The refinery is France's largest, with a capacity for refining 328,000 barrels per day, supplying between 15-17 percent of the French market for fuel. Total refines the equivalent of about 2,585,000 barrels per day.

Local Management Rules Out Direct Negotiations

[13](#). The representative of the union (CGT), Patrick Varache, announced that the strike would continue because the local management of Total-Gonfreville ruled out a monthly 200-euro wage increase demanded by the 70 employees, asking them to wait until December 1, the date of annual negotiations. Varache mentioned that other employees not working in Total's distribution unit in Gonfreville were showing solidarity with the union. Employees argue the company is making record profits, but employees are losing purchasing power.

Strikes Could Spread to Other Totals' Operations in France

[14](#). Strikes could easily spread to other operations of Total in France. Total's employees generally have shown great union solidarity. On September 7, a strike immobilized five of six refineries in France after Total had disciplined four employees after an incident at a refinery in Provence, in southern France.

[15](#). The left union CGT rallied support for a strike at Total to the French giant's refineries on October 4 as part of a general nation-wide strike. Initially, only employees in the public transportation sector called for a strike on October 4, but the strike was observed in other sectors including education, postal and health sectors as well as private sector employees. According to initial reports, around 40 percent of Total's operations in its five refineries in France were paralyzed by the October 4 strike.

Strike at SNMC Maritime Company Temporarily Complicates the Situation

[16](#). On October 1, police were able to clear the Southern refining hub in the Fos-Lavera area, located near Marseille. The strike, sparked by a protest over the privatization of the state-owned ferry company SNMC (Societe Nationale Corse Mediterranee), blocked tankers from loading and discharging oil from the Fos-Lavera Mediterranean hub, a major source of oil exports to the U.S. and home to a cluster of refineries amounting to more than 600,000 barrels a day capacity. Bowing to the pressure, on October 2, the transport unions called off that strike until October 3 "as a measure of responsibility."

COMMENT: Prolonged Strikes Could Be Harmful

17. A prolonged strike at Total could be serious because it occurs at a time when Total has committed to ship more gasoline to the U.S. to help offset outages caused by Hurricane Katrina. An escalation of the strike in Total, Europe's largest oil refiner, could also contribute to drive gasoline prices higher. That said, French industry sources are relatively confident that the government, which was able to put pressure on oil firms to reduce the impact of oil prices on consumers, once again could come to the rescue and stave off the spread of this labor dispute. Total itself should be able to offset lost production levels, thanks to refineries located in other European countries.
STAPELTON